JOHNS HOPKINS UNIVERSITY
Center for Civil Society Studies

LISTENING POST PROJECT

A joint project of the Center for Civil Society Studies at the Johns Hopkins Institute for Policy Studies in cooperation with the Alliance for Children and Families, Alliance for Nonprofit Management, American Association of Homes and Services for the Aging, American Association of Museums, Community Action Partnership, League of American Orchestras, Lutheran Services in America, Michigan Nonprofit Association, the National Council of Nonprofits, and United Neighborhood Centers of America

COMMUNIQUÉ NO. 16

Escalating Pension Benefit Costs—Another Threat to Nonprofit Survival?

Lester M. Salamon, Stephanie L. Geller, and Kasey L. Mengel

Johns Hopkins University

Introduction

Earlier this year, the federal government took over the Jane Addams Hull House's pension fund, as the nonprofit, which serves over 60,000 people in the Chicago area on an annual basis, recognized it was unable to fund both its operating programs and pension obligations.

Was this an isolated incident or are spiraling pension costs putting nonprofits across the country at risk of shutting down? How prevalent are pension and other retirement benefits at nonprofit organizations? What types of pressures are nonprofit executives experiencing relating to retirement benefit programs, and how are they responding?

Given the dearth of data on nonprofit retirement programs, the Johns Hopkins Nonprofit Listening Post Project undertook a Sounding, or survey, of its nationwide sample of nonprofit human service, community development, and cultural organizations on this important topic.[1] The Sounding specifically focused on the two most common types of retirement benefit plans: defined benefit plans, i.e., plans in which employers maintain control over the investment of assets and that provide a set level of benefits to employees at retirement; and defined contribution plans such as 401(k) or 403(b) plans in which the employer contributes to the cost but the employees maintain control over the investments, and benefit levels are not guaranteed.

The results of this ground-breaking survey are sobering and can be summarized under three major headings:

- First, retirement benefits are an important benefit at nonprofit organizations, offering nonprofits a way to offset generally lower wages and to support dedicated employees and their families into the future.

[1] The data reported here come from the latest Listening Post Project Sounding, which was fielded July 22–August 14, 2009 to the project's two national panels of nonprofit organizations on the front lines of nonprofit operation: (1) a "directed sample" of children and family service agencies, elderly housing and service organizations, community and economic development groups, museums, and orchestras recruited from among the members of major nonprofit intermediaries operating in these fields (i.e., the Alliance for Children and Families, American Association of Museums, American Association of Homes and Services for the Aging, Community Action Partnership, League of American Orchestras, Lutheran Services in America, the former National Congress for Community Economic Development, and United Neighborhood Centers of America); and (2) as a check on any possible distortion that this sampling strategy may have introduced, a "random sample" of organizations in these same basic fields selected from IRS listings of agencies or more complete listings suggested by our partner organizations where they were available. In addition to the two national samples, the project has started to build a set of state nonprofit Listening Post samples beginning with members of the Michigan Nonprofit Association and including a parallel sample of Michigan nonprofit organizations in the same fields chosen randomly from IRS listings. Because the Michigan respondents are over-represented in the overall sample, their results were weighted to offset this, and the weighted results are reported throughout. Altogether, 412 organizations, or 39 percent of those that received the Sounding, responded. It is also important to note that 26 percent of the respondents reported revenues of under $500,000, which is far lower than the share of small organizations in the nonprofit sector overall. While the results may not be fully representative of the organizations in these fields, therefore, they are far more representative of the bulk of the activity, which tends to be concentrated in the larger organizations. In addition, the inclusion of a significant number of small organizations in the sample makes it possible to determine whether, and how much, their experience differs from that of larger nonprofits, and these size differences are reported throughout where they are substantial. For further detail on the sample composition, see Appendix A.

Copyright © 2009, Lester M. Salamon

- Second, both defined benefit and defined contribution pension plans are under considerable stress at the present time, although the Pension Protection Act of 2006 is causing particular hardship for organizations sponsoring defined benefit plans.
- Third, to help cope with these challenges, sizeable proportions of organizations are offering less generous retirement benefits and reducing the scope and scale of their plans' coverage, actions which have serious implications for nonprofit workers and their families.

The balance of this Communiqué provides greater details on nonprofit retirement benefit plans and the challenges they are creating for nonprofit organizations across the nation.

Importance of Retirement Benefits for Nonprofit Employers

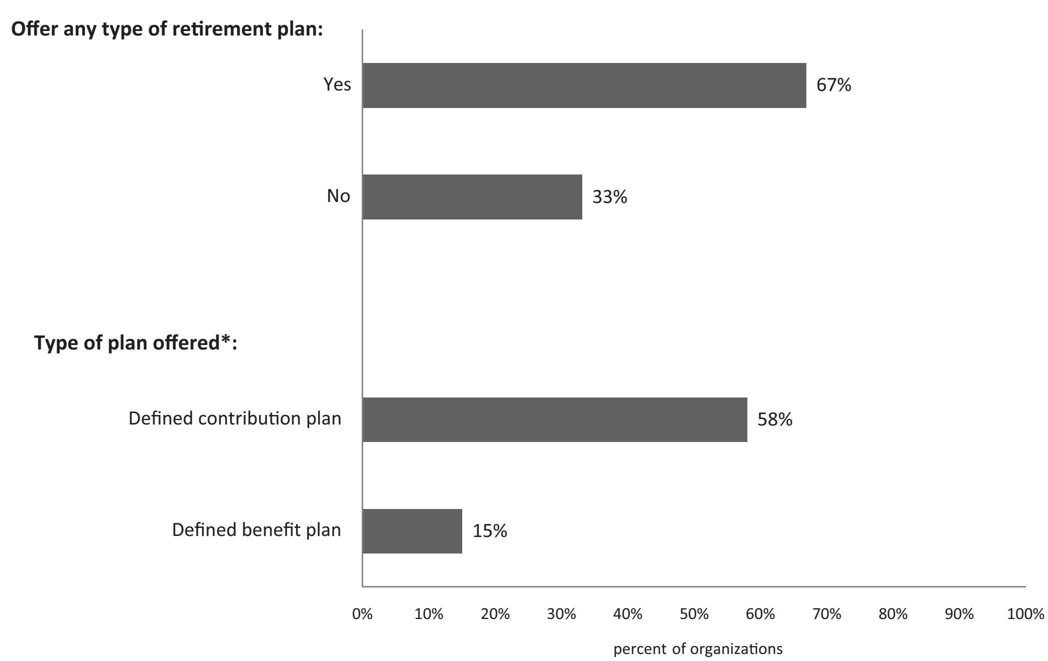
Similar to health insurance, retirement benefits are a critical recruitment and retention tool for nonprofit employers. Since nonprofits typically cannot match the salary levels of for-profit firms, they apparently try to stay competitive by offering quality benefit packages, including retirement benefit plans. This is also highly consistent with nonprofit missions—as organizations concerned with improving the well-being of people and their communities, they naturally want to ensure the well-being of their workers. As one respondent, echoing many others, put it, "We've worked to maintain pension benefits as a means for retaining employees in the face of growing uncertainty and reduced cash compensation."

As evidence of this:

- Retirement benefits are quite common at nonprofits. In fact, more than two-thirds (67 percent) of all survey respondents reported offering some type of retirement benefit plan to their employees. This appears to be higher than the proportion of comparably sized for-profit firms that offer such plans.[2]

Figure 1: Share of Nonprofit Organizatons Offering Retirement Benefit Plans to Their Employees

(n=327)



*Percentages are greater than 67% because some organizations offer more than one type of plan.

Source: Johns Hopkins Listening Post Project Health Benefits and Pensions Sounding, 2009

[2] Finding comparable data on for-profit pension offerings is difficult because most data sources cover too few firms in the size classes as small as even the largest nonprofits covered in our survey. One of the few such surveys that covered for-profit firms with 1-49 employees, however, found that only 43 percent of such firms offered retirement benefits for their employees. Among the nonprofit organizations with 1-49 employees covered by our survey, a considerably larger 54 percent offered retirement benefits to their employees. See: *National Compensation Survey: Employee Benefits in Private Industry in the United States*, March 2008, Bulletin 2715 (Washington, D.C.: U.S. Department of Labor Bureau of Labor Statistics, September 2008); available on the Internet at http://www.bls.gov/NCS/.

Copyright © 2009, Lester M. Salamon

- The most common type of plan offered was a defined contribution plan. Well over half (58 percent) of all respondents indicated that their organization sponsors such a plan.

- In contrast, just 15 percent of all respondents reported offering a defined benefit plan.[3] However, as noted more fully below, the share of larger organizations (those with revenues of $3 million or more) offering such defined benefit plans is considerably higher (23 percent), so that the share of employees covered by such plans may be greater than these figures might suggest.[4]

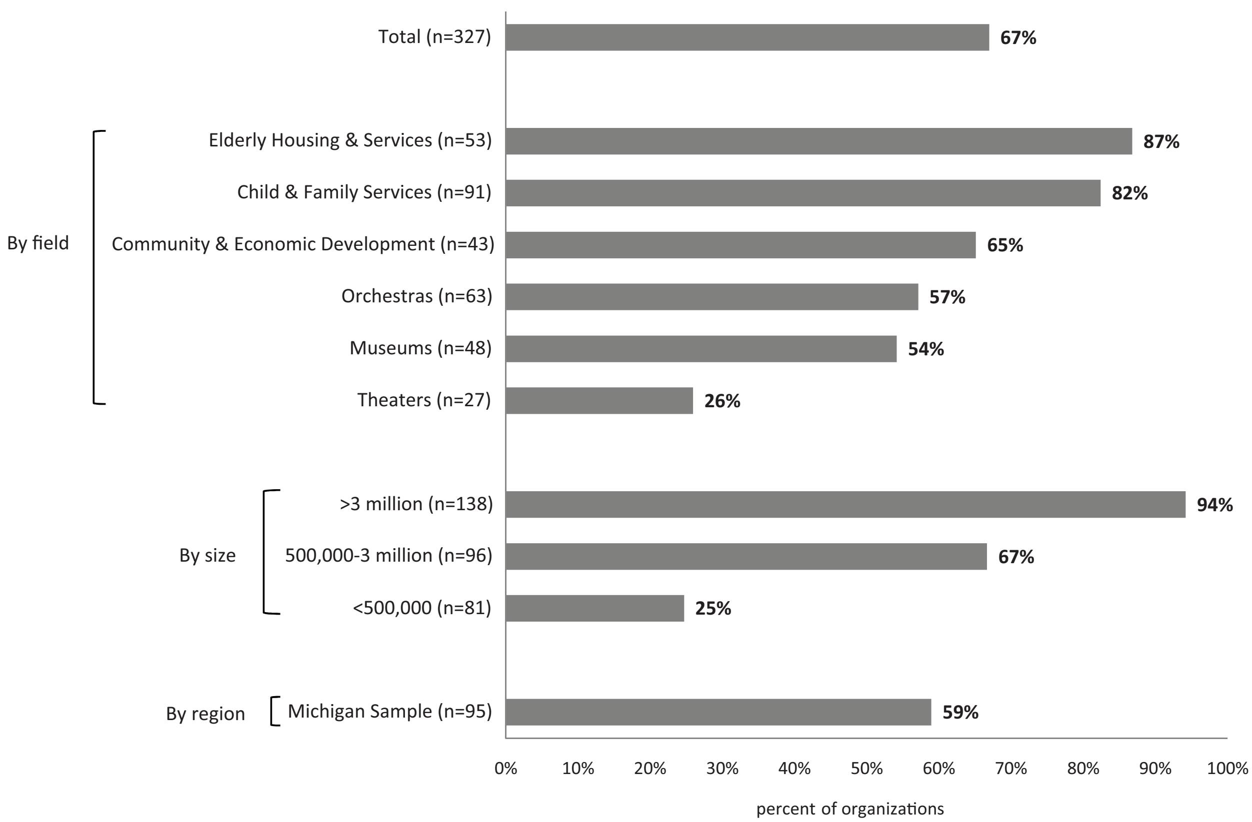
• Moreover, the bulk of nonprofit employees at organizations offering plans are participating in such plans. Thus, over two-thirds (69 percent) of all respondents offering defined benefit plans and over half (54 percent) of organizations with defined contribution plans indicated that at least half of their employees, including both full-time and part-time workers, have elected to participate in such plans.

Variations by Field, Size, and Region

While retirement benefit coverage is widespread among surveyed organizations, it is by no means universal. The availability of retirement benefits and types of retirement plans offered varied considerably by field and size. Specifically, as detailed more fully in Appendix Table B-1:

• Not surprisingly, the biggest disparities were by size of organization. The largest groups (i.e., those with revenues $3 million or greater) were significantly more likely to

Figure 2: Percent of Nonprofits Offering Retirement Plans, by Field, Size, and Region



Source: Johns Hopkins Nonprofit Listening Post Project Health Benefits and Pensions Sounding, 2009

[3] Of these defined benefit plans, 9 percent are single-employer plans, and 6 percent are multi-employer plans. In addition to these responses, 4 percent of organizations indicated that they provided an "other" type of plan, but it was not clear what type this might be. The percentages here add to more than the 67 percent of organizations reporting having any retirement benefit plan because some organizations offer more than one type of plan.

[4] Among the types of organizations covered by our survey, organizations with revenues of $3 million or more account for 13 percent of the organizations but 86 percent of the revenues and very likely close to 86 percent of the employees. This suggests that at least 20 percent of the employees are in organizations with defined benefit plans.

Copyright © 2009, Lester M. Salamon

offer retirement benefits than their smaller counterparts. Thus, virtually all (94 percent) of the groups in our highest revenue category reported offering retirement benefits, compared to just a quarter (25 percent) of the smallest organizations. Similarly, while 94-98 percent of organizations with at least 50 full-time equivalent workers (FTEs) reported offering some type of retirement benefit plan, just 42 percent of those with 1-9 FTEs noted the same.

- Partly reflecting this, elderly housing and services and children and family services groups were the most likely to offer retirement benefits (87 percent and 82 percent, respectively). In contrast, just slightly more than a quarter (26 percent) of all theater respondents sponsored such benefits. In between these two extremes were museums (54 percent), orchestras (57 percent), and community and economic development groups (65 percent).
- Orchestras were more than twice as likely as those in other fields to participate in defined benefit plans (32 percent vs. 0–15 percent). This is in part because a significant portion of orchestra musicians are members of the American Federation of Musicians and have collectively bargained for defined benefit plans. Those plans are either single employer plans or the multi-employer American Federation of Musicians' and Employers' Pension Fund.[5] In contrast, no theater respondents reported offering defined benefit plans.
- Elderly housing and services groups were somewhat more likely than those in other fields to offer defined contribution plans (81 percent vs. 22–74 percent).
- Also noteworthy, orchestras were more likely than organizations operating in other fields to offer their employees both defined contribution and defined benefit plans. Thus, while 24 percent of orchestras reported offering their employees defined contribution and defined benefit plans, 0–6 percent of those in other fields noted the same. This is likely because orchestra administrative staff and musicians are often offered different plans.
- Michigan nonprofits were somewhat less likely than their counterparts in other parts of the nation to offer any type of retirement benefit plan (59 percent vs. 67 percent), a variation that may be related to the fact that organizations in the Michigan sample tend to be smaller than those in the overall sample (see Appendix Table A-2).

A Closer Look at Defined Benefit Plans and Their Challenges

Organizations offering defined benefit pension plans are bound by a recent law known as the Pension Protection Act of 2006. Among its provisions, this Act requires organizations with defined benefit pension plans to have resources in place to fully fund these plans, and to make up any shortfall resulting from market fluctuations through increased contributions into their pension funds over a seven-year period. Because the recent economic downturn has resulted in significant reductions in the value of pension plan investments, however, this 2006 Act requirement is subjecting these organizations to rather severe obligations, and as a result, many are having to divert resources from their program operations to their pension plans at a time when needs are growing and resources are shrinking. In response, both nonprofit and for-profit organizations are pressing for legislation that will temporarily provide them more time to bring their pension plans back to fully funded status.[6]

While there is considerable anecdotal information on this problem, however, there has not been much empirical data, particularly related to nonprofit organizations. In fact, this Listening Post survey provides some of the only empirical evidence available on the scope of the challenge currently facing defined benefit providers. As revealed in Figure 3, this challenge appears to be real. In particular:

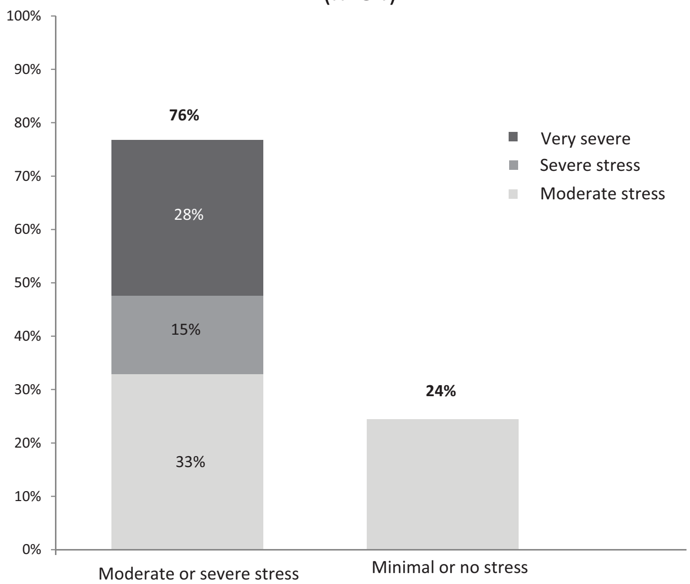
- More than three-quarters (76 percent) of the organizations offering defined benefit plans reported that their plans are currently under stress.
- What is more, 43 percent of those with defined benefit plans characterized this stress as "severe" or "very severe."

[5] A multi-employer plan is a collectively bargained plan maintained by more than one employer, usually within the same or related industries, and a labor union. For additional details, see http://www.pbgc.gov/practitioners/multiemployer-plans/content/page13645.html.

[6] According to one coalition of nonprofit and for-profit organizations: "Without further legislative action, unexpected funding requirements will continue to require many employers to lay off workers, close plants, and postpone investments in order to fund their pension plans, which are long-term obligations. This could result in increased unemployment and a slower economic recovery." A major nonprofit intermediary similarly testified before Congress that "Without immediate relief from the pension obligations arising from the market losses of 2008, the current rules will force nonprofits that sponsor defined benefit plans to divert substantial financial resources away from vital community services at a time when they are desperately needed." American Benefits Council, Letter of July 29, 2009, addressed to "MEMBERS OF THE UNITED STATES CONGRESS," Available on-line at: http://www.americanbenefitscouncil.org/documents/db-relief_groupletter072909.pdf; and Testimony of Independent Sector before the House Ways and Means Committee, available at: http://independentsector.org/programs/gr/IS_Statement_Pension_Relief_10-01-09.pdf.

Copyright © 2009, Lester M. Salamon

Figure 3: Share of Nonprofits Offering Defined Benefit Plans Experiencing Stress in Their Plans
(n=34)



Source: Johns Hopkins Nonprofit Listening Post Project Health Benefits and Pensions Sounding, 2009

- What lies behind these judgments are some sobering shifts in defined benefit plan finances, as shown in Table 1. In particular:
  - Between FY 2007 and 2008, average defined benefit plan pension costs increased by 6 percent, which is double the inflation rate of approximately 3 percent.
  - What is more, these organizations' average unfunded liability more than doubled, jumping from $658,104 in FY 2007 to nearly $1.4 million in FY 2008.
- Respondent comments illustrate the problem:
  - "A legislative change is desperately needed to assist agencies like ours stuck in a defined benefit plan. The liability facing the 35 agencies in our plan is eliminating over $1 million dollars a year in service dollars—at a time when need for services is the greatest. Several agencies within our plan have not survived due to this liability, leaving the remaining agencies responsible for their share. Our agency has applied for a waiver or extension for 2009 from the IRS, but to date, we do not know if this will be granted or not."
  - "[We] filed for bankruptcy in 2006 for one reason...we could not address our large under-funded defined benefit plan. The Pension Benefit Guaranty Corporation took over the plan and we are a much smaller agency as a result."

Table 1: Change in Pension Plan Costs and Unfunded Liability from FY 2007 to FY 2008 (n=29)

		FY 2007	FY 2008	Average Annual % Change
Total Defined Benefit Pension Costs	Mean	$430,038	$456,663	6%
Total Unfunded Liability	Mean	$658,104	$1,371,165	108%

Source: Johns Hopkins Nonprofit Listening Post Project Health Benefits and Pensions Sounding, 2009

More recent data may actually paint an even graver picture of nonprofit pension obligations. As one respondent explained, "Since the economic downturn really did not fully impact these plans until the latter part of 2008, [our] pension plan is currently in worse economic state than reflected in our FY 2007 and 2008 data."

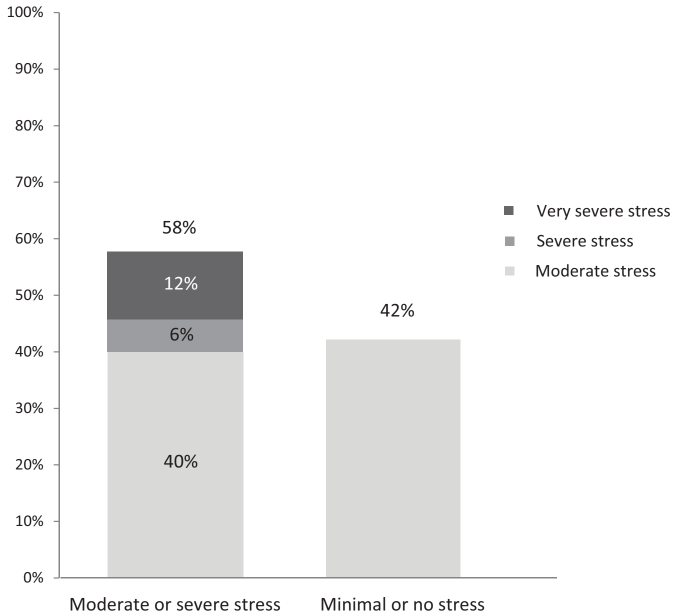
A Closer Look at Defined Contribution Plans and Their Challenges

Since defined contribution plans are not subject to the Pension Protection Act (described above) and by nature do not guarantee employees a specific retirement benefit, are these plans escaping the serious strains afflicting defined benefit plans? Fortunately, our Sounding data provide important insights into the answer to this question as well. In particular, as shown in Figure 4:

- Somewhat surprisingly, a sizable majority (58 percent) of organizations offering defined contribution plans indicated that their plans are currently under stress, and nearly one out of every five respondents (18 percent) offering such plans described this stress as "severe" or "very severe."
- One major source of this stress seems to be the "employer match"—i.e., the contribution some employers add to the funds that their workers put into their retirement funds. As our Sounding data reveal, these matches have been common at nonprofits, with 86 percent of organizations with defined contribution plans indicating that they make some type of employer match (see Figure 5).
  - Employer matches are especially common at museums (94 percent), family and elderly service-providing agencies (88 percent), and community development groups (88 percent).

Copyright © 2009, Lester M. Salamon

Figure 4: Share of Nonprofits Offering Defined Contribution Plans Experiencing Stress in Their Plans (n=191)



Source: Johns Hopkins Nonprofit Listening Post Project Health Benefits and Pensions Sounding, 2009

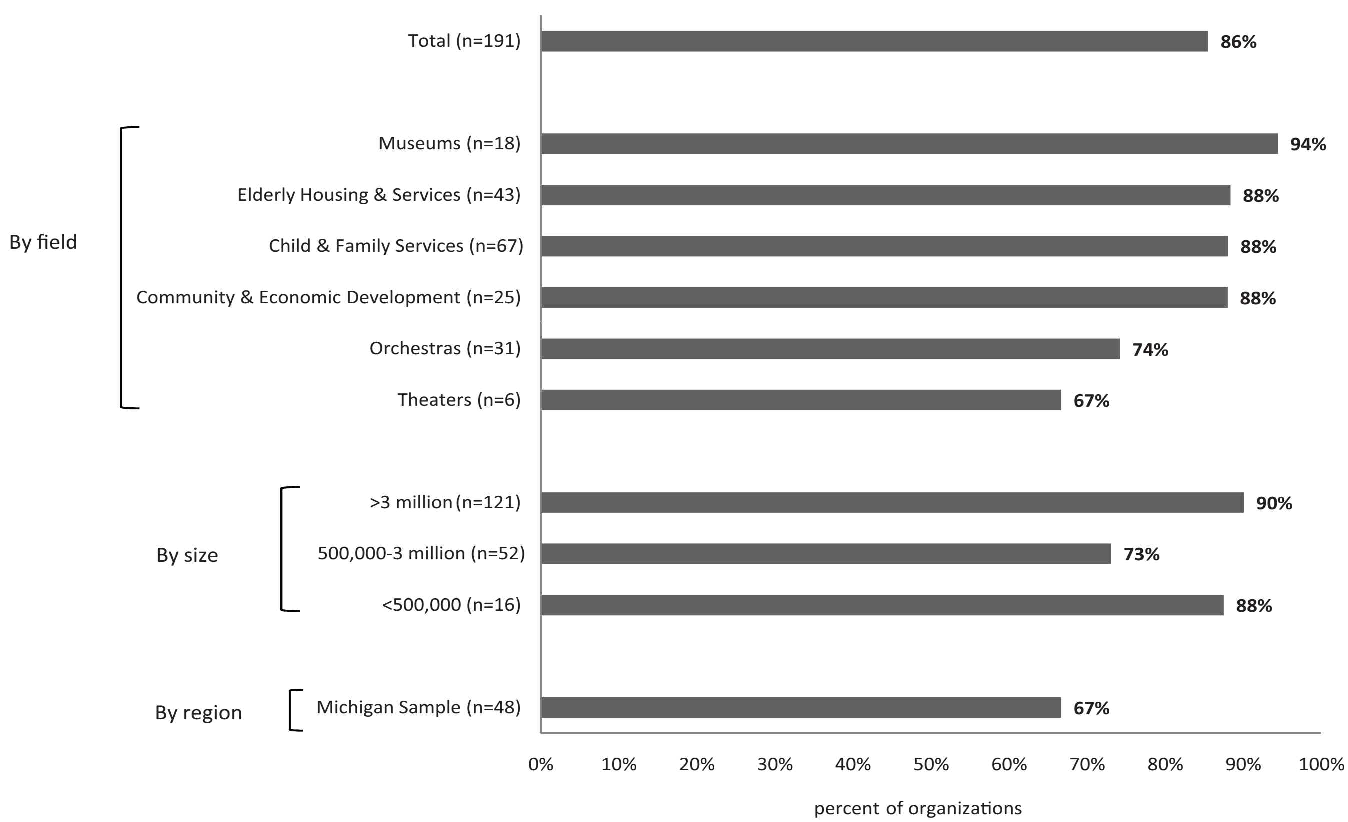
- Somewhat surprisingly, the largest and smallest organizations were more likely to offer matches than their mid-sized counterparts (90 and 88 percents vs. 73 percent, respectively).

- Michigan nonprofits were considerably less likely than their counterparts in other parts of the nation to offer employer matches (67 percent vs. 86 percent).

• As evidence that such matches seem to be a source of nonprofit strain, a considerable majority (60 percent) of organizations with employer matches noted that their defined contribution plan is currently under stress. By contrast, only 40 percent of organizations that do not offer such matches reported that their plan is under stress.

• It is also important to point out that while 42 percent of organizations with defined contribution plans reported that their plan has just "minimal stress," these data may be hinting at another issue nonprofits are dealing with: low employee participation in nonprofit retirement benefit plans, as low wages, particularly in a depressed economy, make the option of directing wages towards retirement too prohibitive. As one respondent explained, "Due to low

Figure 5: Share of Nonprofit Organizations Making a Match to Their Defined Contribution Plans



Source: Johns Hopkins Nonprofit Listening Post Project Health Benefits and Pensions Sounding, 2009

Copyright © 2009, Lester M. Salamon

participation and [our] low matching amount, we don't see much stress on our retirement plan. Part of the low participation rate is due to low wages and affordability of staff to participate."

Nonprofit Coping Strategies

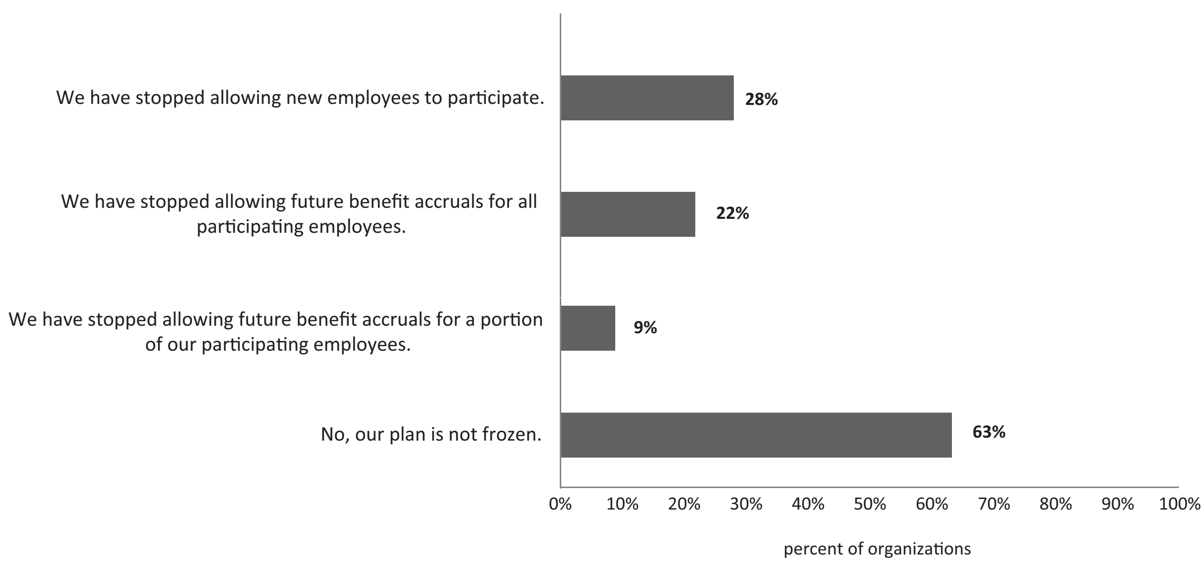
How are nonprofits coping with the significant pressures stemming from their retirement benefit plans? Our data reveal two major approaches nonprofits are employing to help reduce retirement benefit costs:

- **Defined benefit plan freezes.** A common way to reduce costs relating to defined benefit plans is to reduce the scope and scale of their coverage. This can be done by closing the plan to new employees or stopping future benefit accruals for some or all employees (commonly referred to as "partial" or "hard" freezes, respectively). Our data indicate that nonprofits are relying on both strategies. Thus, as shown in Figure 6:
  - 28 percent of nonprofits that sponsor a defined benefit plan have prohibited new employees from participating in the plan;
  - 22 percent of nonprofits that sponsor a defined benefit plan have ended future benefit accruals for all participating employees, and another 9 percent have blocked future benefit accruals for a portion of their workers.[7]
- **Defined contribution plan employer match cuts.** Given the particular challenges facing the large set of nonprofits offering defined contribution plans with employer matches, it is not surprising that sizeable numbers of these groups are electing to reduce their match. In particular, over the past year alone:
  - 14 percent of respondents offering an employee match reduced their match, and another 3 percent eliminated their match altogether.
  - Interestingly, orchestras and the largest organizations were considerably more likely than organizations representing other fields and size classes to have decreased or eliminated employer matches, suggesting that they are feeling particular strain.

Impact of the Retirement Benefit Squeeze and Likely Future Prospects

These pressures on the ability of organizations to sustain retirement benefits for their employees are already having significant consequences. Two comments from survey respondents were typical:

Figure 6: Share of Nonprofit Organizations "Freezing" Their Defined Benefit Plans (n=34)



Source: Johns Hopkins Nonprofit Listening Post Project Health Benefits and Pensions Sounding, 2009

[7] Data from a recent Bureau of Labor Statistics (BLS) report make clear that nonprofits are not alone in having to make these kinds of restrictions in their defined benefit plan coverage. According to this report, 21% of organizations sponsoring defined benefit plans are experiencing a "hard freeze," implying that the plan is closed to new entrants and current participants can no longer accrue additional benefits. Curtin, Scott F., *Alternatives to Frozen Defined Benefit Pension Plans*, August 2009, (Washington, D.C: U.S. Department of Labor Bureau of Labor Statistics, August 2009); available at http://www.bls.gov/opub/cwc/cm20090826ar01p1.htm.

Copyright © 2009, Lester M. Salamon

- Noted one: "This nonprofit is about to lose very valuable staff because of the inability to provide benefits. This will affect services to schools, tourism, job training programs, etc."

- Noted another: "We worry that not being able to supply a pension plan to our administrative staff is contributing to high staff turnover and will have a serious long-term effect on the orchestra's ability to fulfill its mission in the best possible way."

Most seriously, respondent comments indicate that no let-up is in sight for the pressures on organizational retirement benefits. Typical were observations such as the following:

- "We are likely to decrease our match if grants and contracts are not available to allocate this expense to."

- "We have been match[ing] up to 5 percent of our employee contributions, but are considering dropping the match from 5 percent to 3 percent to decrease budget stress." (paraphrased)

- "We have had to reduce our match and have seen other mental health agencies in our state drop employer matches altogether due to state cuts." (paraphrased)

- "Due to [our] large defined benefit plan liability, we have been considering reducing or eliminating our match for [our] defined contribution plan. We have not made this step yet because the defined benefit plan is frozen, leaving the defined contribution plan the only option for our employees to save for their retirement."

Conclusion

In order to serve their missions of providing a wide variety of social, cultural, environmental, and other services, nonprofit organizations employ millions of paid workers in addition to engaging millions of volunteers. In fact, the paid workforce of nonprofit organizations is the fourth largest workforce of any of the major industries that comprise our national economy. Yet the role nonprofit organizations play as employers tends to be widely overlooked.

This is unfortunate since, as employers, nonprofit organizations confront many of the same challenges as other employers, especially small businesses, in providing retirement, health, and other benefits. Indeed, these challenges may be particularly severe for nonprofits since these organizations generally pay lower wages than for-profit firms, making the adequacy of their benefit packages especially crucial in recruiting and training quality workers.

As the findings of the current survey make clear, however, increases in retirement benefit costs and recent changes in pension laws are putting considerable stress on the ability of nonprofits to sustain these benefits. The severe market declines in 2008, coupled with the new funding rules, have provoked a crisis among organizations that offer defined benefit plans. Overwhelming proportions of organizations offering such plans report that their plans are under stress, and for substantial proportions, the reported stress is severe. Even organizations offering defined contribution plans are feeling the pinch, as the costs of making promised contributions are pressuring agency budgets. Along with escalating health benefit costs, the result is to impose a "double whammy" on nonprofit costs at the very time that declining revenues and rising case loads are exposing these organizations to additional strains.

By focusing attention on this dimension of nonprofit fiscal stress, and shedding solid empirical light on it, this survey brings into view a critical, but so-far largely overlooked, issue facing the nation's nonprofit organizations. Hopefully, this will help spur efforts to address this issue so that nonprofits can continue to perform their crucial functions.

Acknowledgments

We are grateful to our Johns Hopkins colleagues, Hillary Belzer (design and production), Mimi Bilzor (editorial guidance), Wojciech Sokolowski (data analysis) and our extremely supportive project partners – Peter Goldberg and Peg Whalen of the Alliance for Children and Families, Philip Katz of the American Association of Museums, Katie Sloan of the American Association of Homes and Services for the Aging, Don Mathis of the Community Action Partnership, Jesse Rosen and Heather Noonan of the League of American Orchestras, Jill Schumann of Lutheran Services in America, Kyle Caldwell of the Michigan Nonprofit Association, and Tim Delaney of the National Council of Nonprofits.

Additionally, we are appreciative of the funding support we have received for the Listening Post Project from the Carnegie Corporation of New York, the Bill and Melinda Gates Foundation, the Ewing Marion Kauffman Foundation, the Rockefeller Brothers Fund, the Kresge Foundation, the Corporation for National and Community Service, the Charles Stewart Mott Foundation, and the Surdna Foundation.

The views and interpretations expressed here are those of the authors and do not necessarily reflect those of any organizations with which they are affiliated or that support their work.

Copyright © 2009, Lester M. Salamon

Appendix A: Project Background and Sample Information

1) Project Background

The Listening Post Project is a collaborative undertaking of the Johns Hopkins Center for Civil Society Studies and eleven partner organizations—Alliance for Children and Families, Alliance for Nonprofit Management, American Association of Homes and Services for the Aging, American Association of Museums, Community Action Partnership, League of American Orchestras, Lutheran Services in America, Michigan Nonprofit Association, National Council of Nonprofits, the former National Congress for Community Economic Development, and United Neighborhood Centers of America. The Listening Post Project was launched in 2002 to provide more reliable and timely information on the major challenges facing U.S. nonprofit organizations and the promising approaches nonprofit managers are applying to cope with them.

2) Sampling Strategy

The project includes two national panels of grassroots nonprofit organizations on the front lines of nonprofit operation. The first is a "directed sample" of children and family service agencies, elderly housing and service organizations, community and economic development groups, museums, theaters, and orchestras recruited from the memberships of our partner organizations. The second is a "random sample" of organizations in these same basic fields selected from IRS listings of agencies or more complete listings suggested by our partner organizations where they were available. The random sample thus makes it possible to check on any possible distortion introduced by relying on the directed sample. In addition to the national samples noted above, the Listening Post Project has been developing a cross-section of state Listening Post samples. The first of these state samples, covering Michigan, has participated in the past four Soundings, since September 2008. The state sample includes organizations selected from among members of the Michigan Nonprofit Association as well as a parallel sample selected randomly from IRS listings of Michigan nonprofits in similar fields.

3) Sounding Distribution

The current Sounding was distributed to these panels on July 22, 2009 and closed on August 14, 2009. As Appendix Table A-1 demonstrates, the Sounding was distributed to 1,063 organizations (612 "directed" and 451 "random" groups), and 412 responded. The overall response rate was 39 percent, which is considered respectable for surveys of this magnitude in this sector. Because agencies self-selected into our sample from among member agencies of national umbrella organizations in their respective fields, we do not present the results as necessarily representative of the entire nonprofit sector. However, the sample agencies are distributed broadly across the nation and reflect reasonably well the known characteristics of the organizations representing the vast bulk of the resources, if not the vast bulk of the individual organizations, in their respective fields.

Appendix Table A-1: Health benefits and pensions response rate

	Total Sample	Directed Sample	Random Sample
Sample	1063	612	451
Respondents	412	244	168
Response Rate	39%	40%	37%

Source: Johns Hopkins Nonprofit Listening Post Project Health Benefits and Pensions Sounding, 2009

4) The Michigan Effect

A total of 227 surveys (to 101 "directed" and 126 "random" groups) were sent to the Michigan nonprofit organizations. Although the overall Michigan response rate was 37 percent, which is slightly lower than the response rate of the overall sample, the response rate from the directed group reached 42 percent (see Appendix Table A-2 for details on the Michigan sample). As Michigan respondents made up 23 percent of the overall sample and their actual representation in the overall population of organizations is just 3 percent, the sample was weighted to more accurately reflect the actual representation of Michigan nonprofits within the nation as a whole. Appendix Table A-3 illustrates the difference between the original sample and the weighted sample.

The analysis contained within this report uses the weighted sample as shown in Appendix Table A-3, as it provides a more accurate representation of the nonprofit sector in the nation.

Copyright © 2009, Lester M. Salamon

Appendix Table A-2: Michigan sample, by field, size, staff size, and sample						
	Total		Directed Sample		Random Sample	
By Field	N	%	N	%	N	%
Child & Family Services	42	44%	28	53%	14	33%
Community & Economic Development	10	11%	6	11%	4	10%
Elderly Housing & Services	11	12%	4	8%	7	17%
Museums	3	3%	1	2%	2	5%
Orchestras	4	4%	3	6%	1	2%
Theaters	7	7%	1	2%	6	14%
Other	18	19%	10	19%	8	19%
Total	**95**	**100%**	**53**	**100%**	**42**	**100%**
By Size*						
<$500,000	40	44%	21	40%	19	50%
$500,000-3 million	29	32%	18	34%	11	29%
>$3 million	22	24%	14	26%	8	21%
Total	**91**	**100%**	**53**	**100%**	**38**	**100%**
By Staff Size*						
1-9 FTEs	24	41%	21	49%	3	19%
10-49 FTEs	21	36%	13	30%	8	50%
50-199 FTEs	10	17%	6	14%	4	25%
200+ FTEs	4	7%	3	7%	1	6%
Total	**59**	**100%**	**43**	**100%**	**16**	**100%**
*Revenue and staff size figures are not available for all organizations						

Source: Johns Hopkins Nonprofit Listening Post Project Health Benefits and Pensions Sounding, 2009

Copyright © 2009, Lester M. Salamon

Appendix Table A-3: Health benefits and pensions sounding sample, organization characteristics								
Type of Organization	**Unweighted**		**Weighted**					
	Total Sample		**Total Sample**		**Directed Sample**		**Random Sample**	
By Field	**N**	**%**	**N**	**%**	**N**	**%**	**N**	**%**
Child & Family Services	128	31%	91	28%	55	28%	36	27%
Community & Economic Development	52	13%	43	13%	21	11%	22	17%
Elderly Housing & Services	63	15%	53	16%	38	19%	15	11%
Museums	51	12%	48	15%	26	13%	22	17%
Orchestras	67	16%	63	19%	53	27%	10	8%
Theaters	33	8%	27	8%	2	1%	25	19%
Other	18	4%	2	1%	1	1%	1	1%
Total	**412**	**100%**	**327**	**100%**	**196**	**100%**	**131**	**100%**
By Size*								
<$500,000	119	30%	80	26%	27	14%	53	44%
$500,000-$3 million	120	30%	96	30%	54	28%	42	34%
>$3 million	157	40%	138	44%	112	58%	27	22%
Total	**396**	**100%**	**315**	**100%**	**193**	**100%**	**122**	**100%**
By Staff Size*								
1-9 FTEs	104	37%	82	36%	38	26%	44	55%
10-49 FTEs	70	25%	51	22%	31	21%	20	25%
50-199 FTEs	51	18%	42	18%	29	20%	13	16%
200+ FTEs	57	20%	53	23%	50	33%	3	4%
Total	**282**	**100%**	**228**	**100%**	**148**	**100%**	**80**	**100%**
By Region								
Michigan	95	23%	10	3%	6	3%	4	3%
Rest of the Nation	317	77%	317	97%	191	97%	126	97%
Total	**412**	**100%**	**327**	**100%**	**197**	**100%**	**130**	**100%**
*Revenue and staff size are not available for all organizations								

Source: Johns Hopkins Nonprofit Listening Post Project Health Benefits and Pensions Sounding, 2009

Copyright © 2009, Lester M. Salamon

Appendix B

Appendix Table B-1: Nonprofit retirement plan offerings, by field, size, sample, and region

		Field of Activity						Size			Sample		Region
Type of Plan	Total*	Child & Family Services	Community & Economic Development	Elderly Housing & Services	Museums	Orchestras	Theaters	<$500,000	$500,000-3 million	$3 million	Directed Sample	Random Sample	Michigan Sample
	n=327	n=91	n=43	n=53	n=48	n=63	n=27	n=80	n=96	n=139	n=197	n=130	n=95
Defined benefit plan	15%	14%	7%	9%	15%	32%	0%	1%	13%	23%	19%	8%	11%
Defined contri-bution plan	58%	74%	58%	81%	38%	49%	22%	19%	55%	88%	71%	40%	51%
Another type of plan	4%	3%	2%	0%	8%	6%	4%	4%	4%	4%	4%	4%	5%
No plan	33%	18%	35%	13%	46%	43%	74%	75%	33%	6%	22%	50%	41%

*The sum of the percent of the types of plans offered exceeds 100% because organizations were able to select multiple plans. Only 9% of organizations noted having two or more plans, 54% of these are represented by orchestras.

Source: Johns Hopkins Nonprofit Listening Post Project Health Benefits and Pensions Sounding, 2009

Copyright © 2009, Lester M. Salamon

The Johns Hopkins Center for Civil Society Studies

The Johns Hopkins Center for Civil Society Studies seeks to improve understanding and the effective functioning of not-for-profit, philanthropic, or "civil society" organizations in the United States and throughout the world in order to enhance the contribution these organizations can make to democracy and the quality of human life. The Center is part of the Johns Hopkins Institute for Policy Studies and carries out its work through a combination of research, training, and information sharing both domestically and internationally.

JOHNS HOPKINS
UNIVERSITY

Center for Civil Society Studies

Institute for Policy Studies

3400 N. Charles St.
Wyman Park Building, 5th Floor
Baltimore, MD 21218

Phone: 410-516-5463

Fax: 410-516-7818

E-mail: ccss@jhu.edu

Website: www.ccss.jhu.edu